



LEGISLATIVE UPDATE

July 25, 2014

There were a host of key budget negotiations this week among top-tier budget conferees. It appears that for the first time in weeks, House and Senate members are working together and making significant progress toward a final budget. In a rarely-held Friday Session, the House passed several pieces of legislation, including the Technical Corrections bill of the Session, HB 1133 (summarized below). Technical corrections legislation occurs in the final days of Session and typically addresses prior Session Law that needs minor or clarifying "technical" changes. This year it was done a bit early before any final budget has been introduced. Given this bill's movement through the House, it could be a sign that Session is coming to a close. The most debated budget issues between the two Chambers continue to be Medicaid eligibility/spending, teacher assistants and teacher pay increases. The Senate has moved to an 8% average increase for teachers, whereas accounts from the House indicate a move to 7% on average. Many believe that a final deal is approaching.

Relevant Bills with Action This Week:

[HB 1133](#) Technical and Other Corrections

As referenced above, this bill passed the House on Friday and now goes to the Senate. Provisions affecting public education are as follows:

1. Exempts the North Carolina Center for the Advancement of Teaching (NCCAT) from the Umstead Act with regard to use of NCCAT's facilities, equipment, services, and staff. This exemption will allow NCCAT more flexibility in generating additional revenue.
2. Clarifies that grants awarded by the North Carolina Education and Workforce Innovation Commission may be used for funding new or existing projects.
3. Provides that state tests and related materials are not public records until they are officially "released" by SBE.
4. Prohibits SBE from imposing terms and conditions that restrict membership of the board of directors of a charter school, but requires the board of directors to adopt a conflict of interest policy.
5. Extends the SBE submission date of education preparation program report cards to the Joint Legislative Education Oversight Committee from October 1 to November 15 each year.
6. Maintains the state requirement for teachers to use the student information management system, but permits teachers to additionally use other software to document student performance if the software meets these requirements:
 - a. Is capable of generating classroom reports, individual student progress reports, and student learning profiles.
 - b. Can be customized to provide the teacher's school or LEA with uniform data collection.
 - c. Securely stores data files and is password protected.
 - d. Is accessible from multiple digital platforms.
 - e. Enables oversight by school-based and district-based administrators.

- f. Requires a licensing agreement that includes requirements for data confidentiality of personally identifiable information of students in compliance with the Family Educational Rights and Privacy Act.
- 7. Directs SBE to establish a two-year Dropout Prevention and Recovery Pilot Program with a charter school serving only students who have dropped out of high school. The program would include alternative accountability and funding models. SBE would report to the Joint Legislative Education Oversight Committee (JLEOC) by March 15, 2016 on the outcomes of the program. One such alternative charter school currently exists in North Carolina: The Commonwealth Charter in Charlotte, which is projected to open in August 2014.
- 8. Adds enforcement provisions to the pilot program in Hickory Public Schools and the Newton-Conover City Schools that change the high school dropout age from 16 to 18.
- 9. Changes several reporting dates for reports generated and submitted by SBE and DPI to the General Assembly. Reporting dates are now uniformly set on the 15th of the month that they are due.

[HB 1195](#) Fiscal Integrity/Pension-Spiking Prevention

HB 1195 would add an Anti Pension-Spiking Contribution-Based Benefit Cap and a Contribution-Based Benefit Cap Purchase Provision to the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LERS). The cap is intended to control the practice of "pension spiking," in which compensation increases significantly during or right before the 4-year period over which compensation is averaged for calculating benefits. The cap would not apply to members with an average final compensation less than \$100,000, and it goes into effect on January 1, 2015. In addition, the bill would allow members of the state Retirement System who leave employment within five (5) years to receive their contributions and accumulated interest (reversing the former 10-year requirement). Under current statute, members who terminate voluntarily with less than five years of service receive only their contributions, without interest.

This bill had previously passed the House, passed the Senate on Tuesday, and was presented to the Governor on Thursday. For more information, please see the attached memo from the Department of State Treasurer, Retirement Systems Division.

[HB 369](#) Criminal Law Changes

This bill would make changes to various criminal laws. With regard to public education, the bill would require various entities, including the Department of Public Instruction, to consult with the Human Trafficking Commission to study the prevention of sexual abuse of children. In addition, the bill would allow detention officers employed by the sheriff to carry firearms on campuses or other educational property. Finally, it revises G.S. 14-316 to now allow children under twelve to use air rifles, air pistols, and BB guns (lifting the criminal "dangerous firearms" designation) in the following counties: Anson, Caswell, Chowan, Cleveland, Cumberland, Harnett, Stanly and Surry. This bill passed the Senate on Thursday and is on the House Calendar for Tuesday, July 29.

[HB 1224](#) Local Sales Tax for Education/Economic Development Changes

This week the Senate approved a revised version of HB 1224. The modified version of the bill would remove the limitation of counties being forced to choose between funding education or transportation issues, allowing counties to use local sales and use tax to fund either or both. The revised version of the legislation would still generally cap local sales tax rates at 2.5%. The bill passed the Senate this week and returns to the House for concurrence.

[SB 793](#) Charter School Modifications

This legislation is the main charter school bill of the Session. It would make a number of changes to existing charter law, as have been detailed in the previous updates. This bill now has emerged from a Conference Committee that was appointed to resolve the differences between the House and Senate versions of the bill. Both Chambers approved the new version this week, and it will now go to the Governor with the following changes:

- Charter schools within their first three (3) years of operation that are fiscally and educationally successful would be able to expand by one (1) grade per year without SBE approval into either a higher or lower grade level.
- The anti-discrimination language now requires that “a charter school shall not discriminate against any student on the basis of ethnicity, national origin, gender, or disability.” A charter school whose mission is single-sex education would be permitted to limit admission on the basis of gender.
- The conference report clarifies that inspection of charter school personnel records for those employees directly employed by the charter’s governing board would be subject to Public Records law; however, those records of employees of a relevant Education Management Organization (EMO) would not be subject to Public Records law.
- The legislation would allow the State Department of Transportation to issue charter schools permanent license plates for vehicles, as it does for other public schools and government entities. The conference report clarifies that “the motor vehicle shall only be used for student transportation and official charter school related activities.”

[HB 1181](#) North Carolina Medicaid Modernization

- Withdrawn from Senate calendar on Tuesday, July 22
- Favorable report from Committee on Rules and Operations of the Senate
- Passed 2nd reading in the Senate on Thursday, July 24

[SB 812](#) Replace Common Core with NC’s Higher Academic Standards

- Signed by Governor on Tuesday, July 22
- S.L. 2014-78

Relevant Meetings: July 28 – July 31

(none yet announced)

Finally, as the Budget Conferees continue their work on finalizing a budget this summer, please contact them directly and as soon as possible if you have thoughts or concerns about public education funding issues or otherwise:

<http://www.ncleg.net/gascripts/confcomm/confcommittee.pl?BillChamber=S&BillID=744&session=2013>

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